Copy of letter No. 12/19/64-I. T., dated 12th March 1964 from the Deputy Secretary to the Government of India, Ministry of Finance (Department of Revenue), New Delhi, addressed to all State Governments.

Subject :—Income-Tax—Deduction from salaries during 1964-65.

I am directed to invite a reference to this Ministry's letter No. 29/2/63-IT. (AI), dated 3rd August 1963 on the subject of deduction of income-tax from salaries paid during the year 1963-64. The Finance Bill introduced in the Parliament on 29th February 1964 provides, *inter alia*, the rates at which income-tax and super-tax is proposed to be levied for the assessment year 1964-65. These rates will be applicable to deduction of tax from salaries paid or payable on or after 1st April 1964. The rates of Income-tax, super-tax and surcharge prescribed in the Finance Bill, 1964 are as per Schedule I. It is requested that pending the passing of the Finance Bill, 1964, deduction of tax at source from salaries may be made during the year 1964-65, according to the rates in the said Schedule.

2 The principal changes made in the Finance Bill, 1964, so far as they relate to income from salaries, are as under:—

(i) The structure of income slabs and the basic rates of Income-tax and super-tax have been revised.

(ii) The various surcharges on Income-tax including the additional surcharge and also the surcharges on super-tax leviable for the assessment year 1963-64 have been abolished. A single surcharge on Income-tax and on super-tax, for purposes of the Union, has been introduced now. In respect of salary income this surcharge will be leviable only where such income exceeds Rs. 1 lakh. It will be calculated at 10 per cent of the Income-tax and super-tax chargeable on the amount of salary income in excess of Rs. 1 lakh. Where the salary income is less than Rs. 1 lakh, no surcharge will be leviable in respect thereof.

(iii) No compulsory deposit will be required to be made during the financial year 1964-65.

(iv) The Finance Bill, 1964 contains a provision under which *individuals who are citizens of India* and whose income exceeds Rs. 15,000, are required, compulsorily, to make an annuity deposit at the rates prescribed in the Second Schedule thereto. Annuity deposits will have to be made in advance during the financial year 1964-65 in respect of the income assessable for the assessment year 1965-66, and such advance deposits will be calculated at the rates prescribed in the Second Schedule to the Finance Bill, 1964. The advance deposits will be made by the employees themselves, and will not be deductible at source from the salary income paid to them. As the amount of annuity deposit made by an assessee is to be allowed as a deduction in computing his total income, the procedure to be followed in calculating the amount of income-tax and super-tax to be deducted at source from salary income will be as follows : The disbursing officer will calculate the amount of the advance annuity deposit on the salary income of the employee during the financial year at the rates prescribed in the Second Schedule to the Finance Act, 1964. The amount of the deposit so calculated will be deducted from the salary income of the employee and incometax and supertax will be calculated on the salary income so reduced at the rates specified in paragraph A of Part I of the First Schedule to the Finance Bill, 1964. The tax so determined will be deducted at source at the time of payment of the salary income to the employee. This procedure has to be followed irrespective of whether the employee has actually made the annuity deposit or not. The procedure for the making of annuity deposits will be set out in a scheme which will be framed by the Central Government in this behalf and information in the matter will be communicated in due course.

It has to be noted that as individuals who are *not* citizens of India are not liable to make annuity deposits, income-tax and super-tax deductible from their salary income will be calculated on their entire salary income without deducting any annuity deposit therefrom.

3 In deducting the tax from salaries, the following points have to be kept in view :—

(i) No income-tax shall be payable on a total income which does not exceed Rs. 3,000.

(ii) The income-tax payable shall in no case exceed half the amount by which the total income exceeds Rs. 3,000.

(iii) The income-tax payable by an individual who is married and whose total income exceeds Rs.20,000, shall not exceed the aggregate of:

(a) The income-tax which would have been payable if the total income had been Rs. 20,000,

(b) Half the amount by which the total income exceeds Rs.20,000.

(iv) Besides the rebate of income-tax, a rebate of super-tax will also be admissible on payment of life insurance premiums, provident fund contributions and deposits made in a 10 year account or 15 year account under the Post Office Savings Bank (Cumulative Time Deposit) Rules, 1959. The amount qualifying for these rebates will be subject to a maximum of one-fourth of the total income of the assessee or Rs.10,000, whichever is less.

Further, the total amount of the rebate of income-tax and super-tax will be subject to a ceiling limit of 50 per cent of the aggregate amount qualifying for these rebates.

It may be mentioned that the provision for rebate of super-tax in respect of the above mentioned payments has been newly introduced in the Income-tax Act by the Finance Bill, 1964.

(v) No rebate of tax should be allowed by the persons responsible for paying the salary in respect of any donations for charitable purposes which qualify for tax rebate under Section 88 of the Income-tax Act, 1961. However, the rebate in respect of contributions made to the National Defence Fund may be allowed at source where deductions are made from the Pay Bills. While allowing the rebate at source, care should be taken to see that contributions for the year should not be less than the minimum limit of Rs. 250 and that the amount of such total rebate does not exceed half the aggregate of the donations in respect of which the rebate is allowed. Disbursing Officers should show the total contributions in the remarks column of the return under Section 206 of the Income Tax Act, 1961.

(vi) The deduction admissible for the maintenance of a conveyance will be allowed by the Income-tax Officer at the time of assessment. Relief in this regard should *not* be adjusted at the time of deduction of tax at source.

(vii) The reliefs admissible to married persons and to persons who have one or more children dependent on them should be allowed for the full year if these conditions are fulfilled on the last day of that year.

(viii) A divorcee should be treated as a married person if he/she has a child dependent on him/her. Otherwise, he/she should be treated as unmarried.

(ix) A widow/widower is to be treated as a married person.

4 If any changes are made when the Finance Bill, 1964 is passed into a law, the same will be communicated to you in due course. Sd/....., *Supdt., F.D.*

SCHEDULE—I.

(Extracts from First Schedule to the Finance Bill, 1964).

PART I.

Income-tax and surcharge on income-tax.

Paragraph A.

(i) In the case of every individual who is married and whose total income does not exceed Rs. 20,000.

Rates of Income-tax

Where the individual has no child wholly or mainly dependent on him.	Where the individual has one child wholy or mainly dependent on him.	Where the individual has more than one child wholly or mainly dependent on him.
Rs.	Rs.	Rs.
(1) On the first 3,000 of total income.	3,300 of total income.	3,600 of total income Nil
(2) On the next 2,000 of total income.	1,700 do	1,400 do—6 per cent
(3 On the next 2,500 of total income,	2,500 do	2,500 do—10 per cent
(4) On the next 5,000 of total income.	5,000 do	5,000 do—15 per cent
5). On the next 7,500 of total income.	7,500 do	7,500 do—20 per cent

(ii) In the case of every individual who is not married and every individual whose total income exceeds Rs. 20,000.—

(1) On the first 1,000 of total income.	... ... Nil
(2, On the next Rs. 4,000 of total income.	... ... 6 per cent
(3) On the next Rs. 2,500 total income.	... ... 10 per cent
(4) On the next 5,000 of total income.	... ... 15 per cent
(5) On the next Rs. 7,500 of total income.	... ... 20 per cent
(6) On the balance of total income.	... ... 25 per cent

Provided that for the purposes of this Paragraph—

(i) no income-tax shall be payable on a total income which does not exceed Rs. 3,000.

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit.

(iii) the income-tax payable by an individual who is married or whose total income exceeds Rs. 20,000 shall not exceed the aggregate of—

SCHEDULE II.

(Second Schedule to the Finance Bill 1964).
Rates of Annuity Deposits

(i) In the case of any depositor whose total income does not exceed Rs. 15,000 ... Nil.

(ii) In the case of any depositor whose total income exceeds Rs. 15,000 but does not exceed Rs. 20,000.— 5 per cent of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed half the amount by which the total income exceeds Rs. 15,000.

(iii) In the case of a depositor whose total income exceeds Rs. 20,000 but does not exceed Rs. 40,000—

7½% of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely.—

(a) an amount calculated at five per cent on so much of the adjusted total income as does not exceed Rs. 20,000,

(b) one-half of the amount by which the total income exceeds Rs 20,000

(iv) In the case of a depositor whose total income exceeds Rs. 40,000 but does not exceed Rs. 70,000

10 per cent of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

(a) an amount calculated at seven and a half per cent on so much of the adjusted total income as does, not exceed Rs. 40,000:—

(b) one-half of the amount by which the total income exceeds Rs. 40,000.

(v) In the case of a depositor whose total income exceeds Rs. 70,000—

12½% of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:—

(a) an amount calculated at ten per cent on so much of the adjusted total income as does not exceed Rs 70 000.

(b) one-half of the amount by which total income exceeds Rs. 70,000.

Explanation I—In this Schedule, "total income" means total income computed in the manner laid down in the Income-tax Act without making any allowance on account of annuity deposit.

Note:—"Adjusted total income" in come case of salaried employee will be arrived at by deducting from the total income any part arrears of salary or other amount in respect of which the employee can make an application for the grant of relief under Section 89 (1) of the I. T. Act, 1961 and balances in a Provident Fund.....

(a) the income-tax which would have been payable if the total income had been Rs. 20,000:

(b) half the amount by which the total income exceeds Rs. 20,000.

Surcharge on Income-Tax.

Where the earned income included in the total income exceeds Rs. 1,00,000, a sum calculated at ten per cent. of the difference between the amount of income-tax which would have been payable on the whole of earned income included in the total income, if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000.

PART II

Super-tax and surcharge on super-tax.

Paragraph A.

In the case of every individual Rates of super-tax

(1) On the first Rs. 20,000 of total income. ... Nil

(2) On the next Rs. 5,000 of total income. ... 10 per cent

(3) On the next Rs. 5 000 of total income. ... 15 per cent

(4) On the next Rs. 20,000 of total income. ... 30 per cent

(5) On the next Rs. 20,000 of total income, ... 45 per cent

(6) On the balance of total income, ... 50 per cent

Surcharge on super-tax.

Where the earned income included in the total income exceeds Rs. 1,00,000, a sum calculated at ten per cent of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payble on a total income of Rs. 1,00,000.

REVENUE SECRETARIAT

No. RD 49 LCI 64, dated 10th March 1964.

Whereas it appears to the Government of Mysore, that the lands specified in the Schedule hereto are likely to be needed for a public purpose, to wit for formation of Mangalore Panambur Railway track in III reach of No. 79 Padavu Village, Mangalore Taluk.

Notice to that effect is hereby given to all whom it may concern, in accordance with the provisions of sub-section (1) of Section 4 of the Land Acquisition Act, 1894 (Central Act I of 1894), as amended by the Land Acquisition (M. E. and A) Act 1961, and the Government of Mysore hereby authorises the Special Land Acquisition Officer (Railways) Mangalore, his staff and workmen to exercise the powers conferred by Section 4 (2) of the Act.

Under Section 3 (c) of the same Act, the Government of Mysore appoint the Special Land Acquisition Officer, (Railways) Mangalore, to perform the functions of a Deputy Commissioner under Section 5-A of the Act.

Any person interested in the lands may, within forty-five days from the date of publication of the Notification in the ***Mysore Gazette***, prefer his objections, if any, in writing to the Special Land Acquisition Officer. (Railways) Mangalore.

All persons interested in the said lands are hereby warned not to obstruct or interfere with any surveyors or other persons employed upon the said lands for the purpose of the said acquisition. Any contracts for the disposal of the said lands by sale, lease, mortgage, assignment, exchange or otherwise, or any outlay or improvements made therein without the sanction of the Deputy Commissioner (*i. e.*, Special Land Acquisition Officer), (Railways) Mangalore, after the date of publication of this Notification, shall under Section 24 (clause seventhly) of the said Act, be disregarded by the officer assessing compensation for such parts of the said lands as may be finally acquired.

A plan of the lands is kept in the Office of the Special Land Acquisition Officer, (Railways) Mangalore, for inspection